

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX AIR DIVISION

Technical Support Document
for
EPA's Rulemaking for the
California State Implementation Plan
regarding

South Coast Air Quality Management District ("SCAQMD")
Regional Clean Air Incentives Market ("RECLAIM") program rules:

SCAQMD Rule 2000	General
SCAQMD Rule 2001	Applicability
SCAQMD Rule 2002	Allocations for Oxides of Nitrogen (NO _x) and Oxides of Sulfur (SO _x)
SCAQMD Rule 2005	New Source Review for RECLAIM
SCAQMD Rule 2007	Trading Requirements
SCAQMD Rule 2010	Administrative Remedies and Sanctions
SCAQMD Rule 2011	Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Sulfur (SO _x) Emissions
SCAQMD Rule 2011 Protocol Appendix A	Protocol for Monitoring, Reporting, and Recordkeeping for Oxides of Sulfur (SO _x) Emissions
SCAQMD Rule 2012	Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NO _x) Emissions
SCAQMD Rule 2012 Protocol Appendix A	Protocol for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NO _x) Emissions

Prepared by: Lily Wong

March 27, 2006

RULE IDENTIFICATION

Table 1

SCAQMD		Date of:					
Rule No.	Rule Title	<u>Adoption</u> Current Version of Rule Subject to Today's Action	<u>Submittal</u> Current Version of Rule Subject to Today's Action	<u>Adoption</u> Existing SIP- Approved Version	<u>Submittal</u> Existing SIP- Approved Version	<u>Approval</u> Existing SIP- Approved Version	<u>Submittal</u> Interim Version of Rule Now Superseded
2000	General	5/6/05	10/20/05	5/11/01	5/31/01	9/4/03 68 FR 52512	n/a
2001	Applicability	5/6/05	10/20/05	5/11/01	5/31/01	9/4/03 68 FR 52512	7/15/05
2002	Allocations for Oxides of Nitrogen (NOx) and Oxides of Sulfur (SOx)	1/7/05	12/21/05 ¹	5/11/01	5/31/01	9/4/03 68 FR 52512	n/a ¹
2005	New Source Review for RECLAIM	5/6/05	10/20/05	4/20/01	10/30/01	9/04/03 68 FR 52512	n/a
2007	Trading Requirements	5/6/05	10/20/05	12/5/03	2/20/04	7/26/04 69 FR 44461	4/26/05 ²
2009 ³							
2010	Administrative Remedies and Sanctions	1/7/05	7/15/05	5/11/01	5/31/01	9/4/03 68 FR 52512	n/a

¹Rule 2002, amended 01/07/05, was submitted on 07/15/05. By letter to California Air Resources Board ("CARB") dated 11/04/05, SCAQMD clarified that parts of provision (f)(1)(A) and (f)(1)(G) of Rule 2002 should not have been submitted for inclusion into the State Implementation Plan ("SIP"). SCAQMD corrected the rule by deleting text from provisions (f)(1)(A) and (f)(1)(G). Therefore, on 12/21/05, CARB withdrew the version of Rule 2002 submitted on 07/15/05, and submitted the corrected version of Rule 2002 (Attachment 3).

²SCAQMD amended Rule 2007 on 01/07/05, along with other RECLAIM rules, but requested that Rule 2007 not be submitted to the SIP (Attachment 4). Consequently, CARB's 07/15/05 submittal did not include Rule 2007, and that version of the rule is not listed here as an interim superseded submittal.

³While Rule 2009 was submitted on 07/15/05, based on a request from SCAQMD, CARB withdrew Rule 2009 from the SIP on 10/20/05 (Attachment 5).

SCAQMD		Date of:					
Rule No.	Rule Title	<u>Adoption</u> Current Version of Rule Subject to Today's Action	<u>Submittal</u> Current Version of Rule Subject to Today's Action	<u>Adoption</u> Existing SIP- Approved Version	<u>Submittal</u> Existing SIP- Approved Version	<u>Approval</u> Existing SIP- Approved Version	<u>Submittal</u> Interim Version of Rule Now Superseded
2011	Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Sulfur (SOx) Emissions	1/7/05	7/15/05	12/5/03	2/20/04	7/26/04 69 FR 44461	n/a
2011 Protocol Appendix A ⁴	Protocol for Monitoring, Reporting, and Recordkeeping for Oxides of Sulfur (SOx) Emissions	5/6/05	10/20/05 ⁵	3/16/01	5/31/01	9/4/03 68 FR 52512	7/15/05
2012	Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NOx) Emissions	1/7/05	7/15/05	12/5/03	2/20/04	7/26/04 69 FR 44461	n/a

⁴Rule 2011, "Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Sulfur (SOx) Emissions" includes "Rule 2011 Protocol Appendix A – Protocol for Monitoring, Reporting, and Recordkeeping for Oxides of Sulfur (SOx) Emissions." Rule 2011 Protocol Appendix A contains Chapters 1 through 6 and Attachments A through F. In a previous SIP approval, the appendix was labelled, "Rule 2011-2," but will be referred to in this rulemaking as "Rule 2011 Protocol Appendix A."

⁵Only Chapter 1, "Overview" of Rule 2011 Protocol Appendix A was revised on May 6, 2005 and submitted on October 20, 2005. The remaining portions of Rule 2011 Protocol Appendix A (i.e. Chapters 2 through 6, and Attachments A through F) were not revised. Consequently, the version of Rule 2011 Protocol Appendix A, Chapters 2 through 6, and Attachments A through F that is subject to today's action was adopted on January 7, 2005 and submitted on July 15, 2005.

SCAQMD		Date of:					
Rule No.	Rule Title	<u>Adoption</u> Current Version of Rule Subject to Today's Action	<u>Submittal</u> Current Version of Rule Subject to Today's Action	<u>Adoption</u> Existing SIP- Approved Version	<u>Submittal</u> Existing SIP- Approved Version	<u>Approval</u> Existing SIP- Approved Version	<u>Submittal</u> Interim Version of Rule Now Superseded
2012 Protocol Appen- dix A ⁶	Protocol for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NOx) Emissions	5/6/05	10/20/05 ⁷	3/16/01	5/31/01	9/4/03 68 FR 52512	7/15/05

BACKGROUND

The RECLAIM program was initially adopted by SCAQMD in October 1993. The program establishes for many of the largest NOx and SOx facilities in the South Coast Air Basin a regional NOx and SOx emissions cap which declines over time. The program was designed to provide incentives for sources to reduce emissions and advance pollution control technologies by giving sources added flexibility in meeting emission reduction requirements. A RECLAIM source's emissions may not exceed its holding of RECLAIM Trading Credits (RTCs) for any compliance year. A RECLAIM source may comply with this requirement by installing control equipment, modifying their activities, or purchasing RTCs from other facilities.

Beginning in June 2000, RECLAIM sources experienced a sharp and sudden increase in NOx RTC prices for both 1999 and 2000 compliance years. In response, SCAQMD significantly amended the program in 2001. The amendments were designed to lower and stabilize RTC prices by increasing supply, reducing demand, and increasing the exchange of RTC trading information. The 2001 amendments separated the power producing facilities (i.e., electric

⁶Rule 2012, "Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NOx) Emissions" includes "Rule 2012 Protocol Appendix A – Protocol for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NOx) Emissions." Rule 2012 Protocol Appendix A contains Chapters 1 through 8 and Attachments A through G. In a previous SIP approval, the appendix was labelled, "Rule 2012-2," but will be referred to in this rulemaking as "Rule 2012 Protocol Appendix A."

⁷Only Chapter 1, "Overview" of Rule 2012 Protocol Appendix A was revised on May 6, 2005 and submitted on October 20, 2005. The remaining portions of Rule 2012 Protocol Appendix A (i.e. Chapters 2 through 8, and Attachments A through G) were not revised. Consequently, the version of Rule 2012 Protocol Appendix A, Chapters 2 through 8, and Attachments A through G that is subject to today's action was adopted on January 7, 2005 and submitted on July 15, 2005.

utilities) from the rest of the RECLAIM market and placed other trading restrictions on the power producers. The 2001 amendments added the RECLAIM Air Quality Investment Program (AQIP) and the Mitigation Fee Program which provided additional compliance flexibility to certain sources. The 2001 amendments were approved into the SIP.

The primary purposes of the amendments to the RECLAIM rules in 2005 were to:

- 1) lower the NO_x emissions cap in the RECLAIM program to achieve additional reductions
- 2) address California Health and Safety Code requirements on Best Available Retrofit Control Technology (BARCT)
- 3) remove the remaining trading restrictions placed on the power producers
- 4) modify the monitoring, recordkeeping, and reporting requirements and protocols
- 5) modify the NSR requirements for RECLAIM sources
- 6) implement other administrative and clarifying changes

RULES SUMMARY

Lowering NO_x Emissions Cap and Revisions to Allocation Methodology and RTC Holdings

The amendments to RECLAIM would lower, from the year 2003 emissions cap, NO_x emissions in the RECLAIM program by 4 tons per day beginning with the 2007 compliance year. The lowering of the NO_x emissions cap is accomplished through the amendment to Rule 2002, “Allocations for Oxides of Nitrogen (NO_x) and Oxides of Sulfur (SO_x),” where each RECLAIM source’s 2007 compliance year NO_x RTC holdings, issued through the allocation process, would be reduced by multiplying the NO_x RTC holdings by an adjustment factor. RTCs are further designated as being “tradeable/usable” or “non-tradable/non-usable.” The rule also specifies criteria and procedures that would allow non-tradable/non-usable RTCs to become tradable or usable if the price of RTCs exceeded \$15,000 per ton.

Other Rule 2002 changes include:

- specifying the allocations methodology and allocations for sources joining RECLAIM after the rule amendments
- specifying a limited exemption to the adjustment factors, provided certain criteria are met
- specifying a process whereby foregone reductions from exempt facilities will be proportionally redistributed among the remaining RTC holders
- adding a new emission factor for micro-turbines and allowing the use of an emission factor that is equivalent to the permitted Best Available Control Technology (BACT) limits the internal combustion engine (ICE) achieves

Removing Trading Restrictions on Power Producers

Power producers have been subject to provisions which restricted their ability to trade freely. While some restrictions were removed in 2003, the 2005 amendments remove most of the remaining trading restrictions.

Revisions to Monitoring, Recordkeeping, and Reporting Provisions

The amendments include several revisions to the monitoring, recordkeeping, and reporting provisions.

- Rule 2012:

- includes a new NO_x emission factor for micro-turbines
- requires large sources and process units equipped with stack flow monitors to measure exhaust flow rate and clarifies the required operating parameters for large sources and process units and corresponding emission rates that are to be measured and reported
- establishes missing data provisions on an hourly basis versus the previous daily requirement
- allows alternative test to demonstrate compliance with RECLAIM NO_x concentration limits
- Rules 2011 and 2012 and their respective protocols:
 - allow a delay in the due date for Relative Accuracy Test Audits (RATA) for equipment that is operated intermittently, and by adding alternative methods of compliance testing for natural gas combustion sources with high oxygen contents in the exhaust stream
 - allow reporting of emissions through the SCAQMD's internet website
 - specify that emission reports from sources that are not listed on the Facility Permit, such as contractor equipment, various location equipment, and equipment covered under applications are due every quarter which is the same as reporting for process units
 - include correction of typographical errors, and rule language clarifications

New Source Review (NSR)

Sources that are subject to Rule 2005, "New Source Review for RECLAIM" are required to acquire RTCs at the beginning of the compliance year for the maximum permitted amount. Previously, sources were able to sell unused RTCs only at the end of the compliance year. The amendment allows sources the option of selling unused RTCs at the end of a quarter, if the source voluntarily accepts an enforceable permit condition limiting the source's quarterly emissions. A source that repeatedly violates the quarterly limit will no longer be eligible for this optional program to sell unused RTC at the end of the quarter. The amendments to Rule 2005 do not change the core NSR provisions which require sources to hold sufficient RTC to offset emissions increases.

Ship Emissions

While ship emissions are not counted toward the applicability thresholds to determine if the source is subject RECLAIM, amendments to rules 2001, 2005, and 2012 clarify that ship emissions at a new or relocated RECLAIM facility subject to New Source Review is part of total emissions that needs to be offset.

Other Miscellaneous or Administrative Changes

- Because of recent changes in state law that requires permitting and regulation of agricultural sources, Rule 2001 now clarifies that agricultural sources are exempt from the RECLAIM program and are subject to existing command and control rules.
- Rule 2010 is amended to clarify the procedures for reducing annual emissions allocations when facilities have emissions in excess of the annual allocation.

EPA REVIEW CRITERIA: EPA generally uses the following five criteria in evaluating state and local NO_x prohibitory rules for approval into the SIP, and for this rule a sixth consideration.

1. Enforceability - Section 110(a) of the Clean Air Act requires enforceable SIP requirements. Several EPA guidance documents are used to evaluate rule enforceability, including the “Bluebook” (*Issues Relating to VOC Regulation Cutpoints, Deficiencies, and Clarification to Appendix D*), November 24, 1978, 52 FR 45044), and “the Little Bluebook” (*Guidance Document for Correcting Common VOC & Other Rule Deficiencies*), EPA Region 9, August 21, 2001.
2. Rule Relaxation - Where previous versions of rules or plans are SIP approved, EPA must evaluate whether new submittals comply with sections 110(l) and 193 of the Clean Air Act regarding SIP relaxations.
3. Stringency - Section 182(b)(2) of the Clean Air Act requires certain SIP rules to apply Reasonably Available Control Technology (RACT). Other sections of the Act require other control levels.
4. “State Implementation Plans; Nitrogen Oxides Supplement to the General Preamble; Clean Air Act Amendments of 1990 Implementation of Title I; Proposed Rule,” (the NOx Supplement), 57 FR 55620, November 25, 1992.
5. New Source Review - Section 173 of the Clean Air Act requires certain sources to offset increased emissions by obtaining sufficient offsetting emission reductions.
6. Economic Incentive Programs - EPA published the guidance, “Improving Air Quality with Economic Incentive Programs” on January 2001 (EPA-452/R-01-001). This guidance applies to discretionary economic incentive programs (EIPs) and represents the agency’s interpretation of what EIPs should contain in order to meet the requirements of the Clean Air Act. Because this guidance is non-binding and does not represent final agency action, EPA is using the guidance as an initial screen to determine whether potential approvability issues arise.

EPA EVALUATION: The submitted rules comply with the evaluation criteria as discussed below.

1. Enforceability – The rules are generally clear and consistent with the Bluebook and the Little Bluebook and other relevant EPA guidance regarding enforceability.
2. Rule Relaxation – While some of the rule amendments could arguably be viewed as a rule relaxation (e.g. allowing sources to sell unused RTCs at the end of a quarter instead of at the end of the year), other rule amendments are strengthening (e.g. requiring such sources to be subject to a quarterly permit limit, and clarifying that ship emissions, at a new or relocated RECLAIM facility subject to New Source Review, are part of total emissions which must be offset). Also, the amendments result in significant additional emission reductions through the lowering of the emissions cap in the year 2007. Consequently, EPA believes that the amendments on balance are strengthening.

3. Stringency – In EPA’s original approval of the RECLAIM program, EPA determined that the program met the CAA RACT requirements. These amendments do not undermine EPA’s previous determination.
4. NOx Supplement – In EPA’s original approval of the RECLAIM program, EPA determined that the program is consistent with the NOx Supplement. These amendments do not undermine EPA’s previous determination.
5. NSR – In EPA’s original approval of the RECLAIM program EPA had determined that the NSR criteria had been met. These amendments do not modify the NSR requirement that sources subject to NSR must offset increased emissions by obtaining sufficient offsetting emission reductions.
6. EIP Guidance – In EPA’s original approval of RECLAIM, EPA determined that the program was consistent with EPA’s 1994 guidance for economic incentive programs at 40 CFR 51 Subpart U. These amendments do not significantly modify the operation of the SIP-approved program and are generally consistent with EPA’s 2001 guidance as well.

EPA ACTION: EPA staff recommend full approval of the submitted version to Rules because they comply with all relevant Clean Air Act requirements including those regarding enforceability and they are consistent with EPA’s guidance for economic incentive programs. SCAQMD projects a reduction in emission associated with this SIP revision.

ATTACHMENTS:

1. SCAQMD Rule 2000, Rule 2001, Rule 2002, Rule 2005, Rule 2007, Rule 2010, Rule 2011, Rule 2011-2, Rule 2012, and Rule 2012-2; current versions of the rules subject to this proposed rulemaking as identified in Table 1.
2. SCAQMD Staff Report for amendments to Regulation XX - RECLAIM, dated January 2005 and submitted to EPA on July 15, 2005.
3. CARB cover letter dated December 21, 2005 addressed to Wayne Nastri withdrawing Rule 2002 submitted on July 15, 2005 and replacing it with a corrected version of Rule 2002.
4. SCAQMD letter dated March 29, 2005 addressed to Sally Rump of CARB, transmitting rules adopted on January 7, 2005 and requesting that Rule 2007 be removed from the SIP submittal.
5. CARB letter dated October 20, 2005 addressed to Wayne Nastri withdrawing Rule 2009.
6. *Issues Relating to VOC Regulation Cutpoints, Deficiencies, and Deviations; Clarification to Appendix D November 24, 1978 Federal Register*, May 25, 1988 (the “Bluebook”), and *Guidance Document for Correcting Common VOC & Other Rule Deficiencies*, EPA Region 9, August 21, 2001 (the “Little Bluebook,” cover only).

7. "State Implementation Plans; Nitrogen Oxides Supplement to the General Preamble; Clean Air Act Amendments of 1990 Implementation of Title I; Proposed Rule," (the NO_x Supplement), 57 FR 55620, November 25, 1992 (cover only).
8. "Improving Air Quality with Economic Incentive Programs", EPA-452/R-01-001, January 2001 (cover only; text available at <http://www.epa.gov/ttncaaa1/t1/meta/m1201.html>).



Alan C. Lloyd, Ph.D.
Agency Secretary

Air Resources Board

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Sacramento, California 95812 • www.arb.ca.gov



Arnold Schwarzenegger
Governor

RECEIVED

JAN 26 2006

December 21, 2005

Mr. Wayne Nastri, Administrator
U.S. Environmental Protection Agency
Region IX
75 Hawthorne Street
San Francisco, California 94105

Air Division, AIR -
U.S. EPA, REGION 9

Dear Mr. Nastri:

On July 15, 2005, the Air Resources Board submitted, as a revision to the State Implementation Plan (SIP), the South Coast Air Quality Management District's (District) Rule 2002—Allocations for Oxides of Nitrogen (NO_x) and Oxides of Sulfur (SO_x) as amended by the District Governing Board on January 7, 2005. In a letter dated November 4, 2005 (copy enclosed), Ms. Elaine Chang, Deputy Executive Officer of the District, indicated that subparagraph (f)(1)(A) identified adjustment factors for compliance years 2008, 2009, 2010 and 2011. However, subparagraph (f)(1)(G) made it clear that the District did not intend for these adjustment factors to be included in the SIP. Therefore, the District has re-submitted Rule 2002 with the appropriate language in subparagraphs (f)(1)(A) and (f)(1)(G) stricken.

Accordingly, we are withdrawing Rule 2002 as submitted on July 15, 2005, and replacing it with the corrected rule. We are enclosing two paper copies of the corrected rule, in clean and strikeout/underline formats, and two compact discs that are identical to our July 15, 2005 submittal, except for the revised rule 2002. The compact disc folder name is "CARB SIP 7-15-05, Rev 11-30-05." Please dispose of the discs previously transmitted in our July 15, 2005 letter.

If you have any questions regarding this letter, please contact Mr. Jorge Fernandez at (916) 445-7800, or if I may be of assistance, contact me at (916) 322-2890.

Sincerely,

Michael H. Scheible
Deputy Executive Officer

Enclosures

cc: See next page.

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

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Mr. Wayne Nastri, Administrator
December 21, 2005

Page 2

cc: Dr. Barry Wallerstein
Executive Officer
South Coast Air Quality Management District
21865 East Copley Drive
Diamond Bar, California 91765-4182

Ms. Elaine Chang, Ph.D.
Deputy Executive Officer
Planning, Rule Development and Area Sources
South Coast Air Quality Management District
21865 East Copley Drive
Diamond Bar, California 91765-4182

Mr. Jorge L. Fernandez, Chief
Program Evaluation Branch
Stationary Source Division

Mr. Wayne Nastri, Administrator

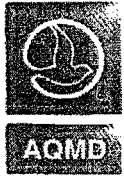
December 21, 2005

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bcc: Mr. Stew Wilson, Executive Director
California Air Pollution Control Officers Association
3232 Western Drive
Cameron Park, California 95682

Mr. Andy Steckel, Chief
Rulemaking Office (Air-4)
Region IX
U.S. Environmental Protection Agency
75 Hawthorne Street
San Francisco, California 94105

Tom Jennings, OLA
Gloria Ambriz, OLA
Gary Honcoop, PTSD
Lucille Van Ommering, PTSD
Valinda Debs, ASD (105 Grant Conditions)
Sally Rump, SSD
Dave Brown, SSD
Electronic File: W:\Completed SIPs
File: Summary of SIP Submittals to U.S. EPA (Binder)



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

November 4, 2005

Ms. Sally Rump
Rule Coordinator
Stationary Source Division
Air Resources Board
1001 I Street
Sacramento, CA 95814

Re Correction to SIP Submittal: Regulation XX, Amended on January 7, 2005
Regulation Clean Air Incentives Market (RECLAIM)

Dear Ms. Rump:

On March 29, 2005 the South Coast Air Quality Management District (AQMD) submitted its January 7, 2005 amendments to Regulation XX for approval and inclusion in the SIP. On July 15, 2005 you approved our submittal and forwarded the amendments to the U.S. EPA for SIP approval.

As part of the March 29, 2005 SIP Submittal for Regulation XX, we included adjustment factors for compliance years 2008, 2009, 2010, and 2011 (and after) in Rule 2002 – Allocations for Oxides of Nitrogen (NO_x) and Oxides of Sulfur, subparagraph (f)(1)(A). However, the AQMD had included rule language, Rule 2002 (f)(1)(G), that indicated AQMD's intent that these adjustment factors should not be included in the SIP. In the SIP submittal package, AQMD did not take credit for the emission reductions reflected in the specified adjustment factors. To clarify that the adjustment factors for these particular compliance years would not automatically be included in the SIP, we have removed the aforementioned adjustment factors in the enclosed versions of Rule 2002. In conjunction with these removed adjustment factors, we have also removed subparagraph (f)(1)(G). This subparagraph specifies the mechanism for including or excluding these adjustment factors in the SIP.

Please substitute this revised rule for the Rule 2002 submitted on March 29, 2005 and forward this version to EPA for inclusion in the SIP in lieu of the January 7, 2005 version.

If you have any questions on this correction to our January 7, 2005 SIP Submittal, please contact Gary Quinn at (909) 396-3121.

Sincerely,

A handwritten signature in black ink, appearing to read 'Elaine Chang', is written over a horizontal line.

Elaine Chang, DrPH
Deputy Executive Officer
Planning, Rule Development & Area Sources

GQ

Enclosures

cc: Andrew Steckel/EPA Region IX
Mary Leonard/SCAQMD
Henry Hogo/SCAQMD
Laki Tisopulos/SCAQMD
SIP File



South Coast Air Quality Management District

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March 29, 2005

Ms. Sally Rump
Rule Coordinator
Stationary Source Division
Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: SIP Submittal: Regulation XX
Regulation Clean Air Incentives Market (RECLAIM)

Dear Ms. Rump:

Attached you will find information pertaining to Regulation XX which was amended by the South Coast Air Quality Management District (AQMD) Governing Board on January 7, 2005.

Please note that we have removed Rule 2007 Trading Requirements from the SIP Submittal. This rule will be subject to additional changes within the next few months. On this basis, we felt it prudent to submit all changes to this rule at the same time. Please disregard discussions relating to Rule 2007, specifically removing trading restrictions for power producing facilities, that you may find in the enclosed rulemaking documents (e.g., Staff Report).

The RECLAIM rules were amended to achieve additional NOx reductions pursuant to the 2003 AQMP Control Measure #2003CMB-10. The proposed amendments also address requirements for demonstrating Best Available Retrofit Control Technology equivalency in accordance with California Health and Safety Code §40440. In addition to rule and protocol clarifications, other changes include adding an alternative method of compliance demonstration for equipment with high oxygen content in the exhaust, adjusting the testing schedule for equipment operating sporadically and allowing transmission of CEMS monitoring data through the AQMD website. Because these rules are economic incentive type rules or replace emission limits, the U.S. Environmental Protection Agency (EPA) has requested that we submit them for inclusion in the State Implementation Plan (SIP).

We are requesting that upon your review and concurrence the attached information be provided to EPA for its review and inclusion in the SIP.

If you have any questions on this submittal, please contact Jill Whynot, Planning and Rules Manager at (909) 396-3104.

Sincerely,

A handwritten signature in black ink, appearing to read 'Elaine Chang', is written over a horizontal line.

Elaine Chang, DrPH
Deputy Executive Officer
Planning, Rule Development & Area Sources

JW:GQ:TG

Attachments:

SIP Completeness Checklist
Clean and strikeout copies of amended rule
Proof of Publication
Signed Board Resolution/Minutes
APCD/AQMD Rule Evaluation Form
Signed Board Package, as approved on January 7, 2005 (includes staff report)

cc: Andrew Steckel/EPA Region IX (w/o attachments)
Mary Leonard/SCAQMD (w/o attachments)
Henry Hogo/SCAQMD (w/o attachments)
Laki Tisopulos/SCAQMD (w/o attachments)
SIP File (w/attachments)



Alan C. Lloyd, Ph.D.
Agency Secretary

Air Resources Board

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Arnold Schwarzenegger
Governor

October 20, 2005

Mr. Wayne Nastri, Administrator
U.S. Environmental Protection Agency
Region IX
75 Hawthorne Street
San Francisco, California 94105

Dear Mr. Nastri:

On July 15, 2005, the Air Resources Board submitted, as a revision to the State Implementation Plan (SIP), the South Coast Air Quality Management District (District) Rule 2009—Compliance Plan for Power Producing Facilities. In a letter dated September 30, 2005 (copy enclosed), Ms. Elaine Chang, Deputy Executive Officer of the District, indicated that locally-enforceable Rule 2009 was inadvertently included in the SIP submittal request and asks that the rule be withdrawn. Accordingly, we are withdrawing Rule 2009.

If you have any questions regarding this letter, please call Mr. Jorge Fernandez, Chief, Program Evaluation Branch, Stationary Source Division at (916) 445-7800.

Sincerely,

Michael H. Scheible
Deputy Executive Officer

Enclosure

cc: See next page.

*The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption.
For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.*

California Environmental Protection Agency

Mr. Wayne Nastri, Administrator
October 20, 2005
Page 2

cc: Dr. Barry Wallerstein
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Ms. Elaine Chang, Ph.D.
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Diamond Bar, California 91765-4182

Mr. Jorge L. Fernandez, Chief
Program Evaluation Branch
Stationary Source Division

Mr. Wayne Nastri, Administrator

October 20, 2005

Page 3

bcc: Mr. Stew Wilson, Executive Director
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Tom Jennings, OLA
Gloria Ambriz, OLA
Gary Honcoop, PTSD
Valinda Debs, ASD (105 Grant Conditions)
Sally Rump, SSD
Dave Brown, SSD
Assignment #11714
Electronic File: W:\Completed SIPs
File: Summary of SIP Submittals to U.S. EPA (Binder)

**GUIDANCE DOCUMENT FOR CORRECTING
COMMON VOC & OTHER RULE DEFICIENCIES**

(A.K.A., The Little Bluebook)

U.S. ENVIRONMENTAL PROTECTION AGENCY
REGION IX

Originally Issued, April 1991
Revised, August 21, 2001

**ENVIRONMENTAL PROTECTION
AGENCY****40 CFR Part 52**

(FRL-4530-5)

**State Implementation Plans; Nitrogen
Oxides Supplement to the General
Preamble for the Implementation of
Title I of the Clean Air Act
Amendments of 1990****AGENCY:** Environmental Protection
Agency (EPA).**ACTION:** Supplement to the general
preamble for future proposed
rulemakings.

SUMMARY: The General Preamble for implementation of title I of the Clean Air Act (CAA) Amendments which was published on April 16, 1992 (57 FR 13498), does not address several new provisions of the amended CAA concerning emissions of nitrogen oxides (NO_x). Specifically, the April 16, 1992 General Preamble does not include a discussion of the new NO_x provisions with respect to the following topics: reasonably available control technology (RACT), new source review (NSR), interaction of Title I and IV, ozone transport regions, section 185B report, and section 182(f). The purpose of this NO_x supplement to the General Preamble is to provide guidance on implementation of these NO_x provisions.

As State plan submittals are received, EPA will publish **Federal Register** proposals inviting comment on whether the submittals should be approved. Each proposal inviting comment will state the address and closing date for submittal of comments to the appropriate EPA Regional Office.

FOR FURTHER INFORMATION CONTACT: Mr. Doug Grano, Strategies and Policy Section, Ozone/CO Programs Branch, MD-15, at (919) 541-3292, U.S. EPA Research Triangle Park, NC 27711.

SUPPLEMENTARY INFORMATION:

Note: In accordance with 1 CFR 5.9(c), this document is published in the Proposed Rules category

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1. Introduction**1.1 General Preamble to Title I**

Title I of the CAA Amendments of 1990 contains many new and revised requirements for areas that have not attained the national ambient air quality standards (NAAQS) for ozone, carbon monoxide (CO), particulate matter (PM-10), sulfur dioxide (SO₂), nitrogen dioxide (NO₂), and lead. The EPA developed a guidance document, called

the General Preamble to title I, to assist States regarding the interpretation of the various provisions of title I, as amended. The General Preamble was published April 16, 1992 (57 FR 13498).

The General Preamble principally describes EPA's preliminary views on how EPA should interpret various provisions of title I, primarily those concerning State implementation plan (SIP) revisions required for nonattainment areas. Although the General Preamble includes various statements that States must take certain actions, these statements are guidance made pursuant to EPA's preliminary interpretations, and thus do not bind the States and the public as a matter of law. In the near future, EPA will (i) begin to take action, pursuant to notice-and-comment rulemaking, on SIP revisions submitted by the States, and (ii) issue rules, pursuant to notice-and-comment rulemaking, on various title I provisions. During the comment periods for these subsequent actions, members of the public will have the opportunity to comment on the relevant issues.

The EPA's interpretation of the title I provisions will provide a basis for subsequent approval or disapproval of SIP submittals concerning NAAQS nonattainment areas. While this Preamble contains guidance on the interpretation of the majority of the title I SIP requirements, unique circumstances or as yet unrecognized issues are likely to cause case-by-case exceptions to arise. The EPA intends to provide the public with a formal opportunity to comment on the provisions of this Preamble and other issues that may arise during subsequent rulemakings that take action on SIP revisions submitted by the States under title I and that set out EPA policy on various aspects of title I.

The General Preamble focuses primarily on the SIP submissions required for nonattainment areas under part D of the amended CAA. It discusses specific issues concerning the proper interpretation of the title I requirements for areas designated nonattainment (and, for some pollutants, classified) under part D, title I, as well as the proper treatment of nonattainment areas that fall outside of the classification schemes. The General Preamble discusses requirements for the SIP submissions required for ozone, CO, PM-10, SO₂, NO₂, and lead nonattainment areas. In addition, the Preamble discusses interpretation issues that have arisen concerning redesignations to attainment, some general SIP requirements, and EPA action on SIP submissions, as well as

United States
Environmental Protection
Agency

Office of Air and Radiation

EPA-452/R-01-001
January 2001

Improving Air Quality with Economic Incentive Programs

